

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00

XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 CU-04 AGRE-00

/092 W

-----099445 120800Z /10

R 111837Z NOV 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9942

INFO AMEMBASSY BOGOTA

AMEMBASSY DAKARA

USCINCSO QUARRY HEIGHTS

USCINCLANT NORFOLK VA

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E.O. 11652: NA

TAGS: PDIP, ECON, SCUL, ELAB, SOCI, VE

SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 10776 (NOTAL

SUMMARY: CARACAS WATER CRISIS CONTINUES INTO SECOND WEEK.

PRESIDENT SENGHOR ENDS STATE VISIT TO VENEZUELA. TAX

LEGISLATION GOES BEFORE CONGRESS. PRESIDENTIAL INSTRUCTION

PUTS INTO QUESTION THE RIGHT TO STRIKE FOR ALL PUBLIC EMPLOYEES.

CARACAS AND NASHVILLE EXCHANGE "FRIENDSHIP FORCE AMBASSADORS."

END SUMMARY.

1. CARACAS WATER CRISIS CONTINUES INTO SECOND WEEK. CARACQUENOS

SUFFERED ANOTHER WEEK OF SEVERE WATER SHORTAGES DUE TO THE

BREAKDOWN OF THE MAIN PUMPING STATION NOVEMBER 1 (SEE REFTEL).

THE EFFECT OF THE WATER CRISIS HAS BEEN WIDESPREAD: ALL SCHOOLS

ARE CLOSED, MOST HOSPITALS WILL ONLY ACCEPT EMERGENCY

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CASES, AND TENSIONS ARE MOUNTING IN THE BARRIOS WHERE THERE

HAS BEEN NO WATER AT ALL. ROCKS AND FIRE BOMBS WERE HURLED

AT POLICE ON TWO OCCASIONS AND NATIONAL GUARDSMEN ARE

ACCOMPANYING WATER TRUCKS THAT ARE SENT TO FILL THE TANKS

OF HOSPITALS AND OTHER INSTITUTIONS SINCE TRUCKS HAVE BEEN

MOBBED BY WOMEN AND CHILDREN SEEKING WATER. FISTFIGHTS HAVE

ALSO BROKEN OUT AMONG THE LONG LINES OF PEOPLE WHO WAIT WITH

BUCKETS AND PANS AT THE FEW OPEN PIPES WHICH PROVIDE WATER.

COMMENT: THE CRISIS HAS BEEN ACCOMPANIED BY MASSIVE MEDIA COVERAGE WHICH DETAILS THE EFFECT OF THE SHORTAGE BUT PROVIDES NO COHERENT EXPLANATION OF WHY THE PUMP FAILURE OCCURRED OR WHEN FULL WATER SERVICE WILL BE RESTORED. THE WATER COMPANY INITIALLY PREDICTED THAT 75 PERCENT OF THE WATER SUPPLY WOULD BE AVAILABLE NOVEMBER BUT NOVEMBER 14 IS NOW THE TARGET DATE FOR COMPLETE RAPAIR OF THE PUMPING SYSTEM.THE CRISIS HAS ALSO HIGHLIGHTED A NATIONAL TENDENCY TO PLACE BLAME ELSEWHERE. THE PRESIDENT ACCUSED THE CALDERA GOVERNMENT OF POOR URBAN PLANNING. COPEI BLAMED THE PRESIDENT FOR POOR ADMINISTRATION. THE WATER COMPANY SAYS THE ELECTRIC COMPANY'S FREQUENT BROWNOUTS DAMAGED THEIR EQUIPMENT AND MADE IT MORE SUSCEPTIBLE TO FIRE. THE ELECTRIC COMPANY MAINTAINS THAT THE WATER COMPANY IS AT FAULT FOR INADEQUATE RESERVES. DESPITE SPORADIC INCIDENTS OF VIOLENCE, THE MAJORITY OF THE INHABITANTS HAVE MANAGED TO COPE WITH THE SHORTAGE.

2. PRESIDENT SENGHOR ENDS VISITS TO VENEZUELA. SENEGALESE PRESIDENT LEOPOLD SEDAR SENGHOR ENDED A FIVE-DAY STATE VISIT TO VENEZUELA DURING WHICH HE MET WITH PRESIDENT PEREZ FOR TALKS, VISIT A DEVELOPMENT PROJECT IN THE INTERIOR, AND ADDRESSED A JOINT SESSION OF CONGRESS WHERE HE PRAISED VENEZUELA AS AN EXEMPLARY MODEL OF DEMOCRACY FOR LATIN AMERICA. IN A JOINT COMMUNIQUE SIGNED NOVEMBER 10, VENEZUELA AND LIMITED OFFICIAL USE

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SENEGAL REAFFIRMED THEIR DEFENSE OF HIMAN RIGHTS, CONDEMNED TERRORISM AND APARTHEID, AND CALLED FOR THE RECOGNITION OF THE LEGITIMATE RIGHTS OF THE PALESTINIAN PEOPLE AND THE EVACUATION OF OCCUPIED ARAB TERRITORIES. THE FOREIGN MINISTERS OF BOTH COUNTRIES, ASSANE SECK AND SIMON ALBERTO CONSALVI, APPROVED THREE MUTUAL COOPERATION AGREEMENTS: A CULTURAL ACCORD; A SCIENTIFIC AND TECHNICAL COOPERATION AGREEMENT; AND AN ECONOMIC AND COMMERCIAL COOPERATION ACCORD (SEPTTEL FOLLOWS.)

3. TAX LEGISLATION BEFORE CONGRESS. FORMAL CONGRESSIONAL DEBATE HAS FINALLY BEGUN ON FIVE OF THE EIGHT MAJOR TAX REFORM PROPOSALS APPROVED BY THE CABINET LATE LAST YEAR. ACTION ON THREE OF THE PROPOSALS (IDLE LAND TAX, RESEARCH FUND LEVY, IFRASTRUCTURE IMPROVEMENT ASSESSMENT) HAS BEEN POSTPONED INDIEFINITEL. ACCORDING TO ARMANDO SANCHEZ BUENO, PRESIDENT OF THE FINANCE COMMITTEE OF THE CHAMBER OF DEPUTIES, THE INCOME TAX BILL WILL BE CONSIDERED FIRST. HE SAID MOST OF THE REVENUE MEASURES HAVE BEEN DELETED FROM THIS BILL; THE MAJOR BENEFITS FROM THE BILL ARE EXPECTED TO BE LESS TAX EVASION AND A MORE STREAMLINED COLLECTION SYSTEM. COPEI, THE MAJOR OPPOSITION PARTY, HAS FORMALLY OPPOSED THE ENTIRE EIGHT PART TAX REFORM PACKAGE. MEANWHILE, THE

GOVERNMENT HAS INTRODUCED LEGISLATION CONTAINING A TAX CODE FOR THE NATION. IF ACCEPTED BY THE CONGRESS, THE CODE WILL HELP INSURE A MORE UNIFORM APPLICATION AND INTERPRETATION OF THE LAW.

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4. PRESIDENTIAL INSTRUCTION PUTS INTO QUESTION THE RIGHT TO STRIKE FOR ALL PUBLIC EMPLOYEES. IN A MOVE TIMED TO AVERT AN IMPENDING TEACHERS' STRIKE, PRESIDENT PEREZ ISSUED INSTRUCTION 35 ON NOVEMBER 1, 1977, WHICH AMONG OTHER POINTS PROVIDES THAT, "WHEN THREE OR MORE PUBLIC EMPLOYEES FAIL TO FULFILL THEIR WORK DUTIES BY MEANS OF A COMMON AGREEMENT WHETHER BY THEIR OWN INITIATIVE OR BY THE INSTIGATION OF ANOTHER PARTY, THEIR SUPERVISOR CAN IMPOSE THE DISCIPLINARY SANCTION OF SUSPENSION FROM WORK WITHOUT PAY UNTIL THEY HAVE FULFILLED THEIR WORK OBLIGATIONS". (A PRESIDENTIAL INSTRUCTION CARRIES THE FORCE OF LAW FOR FEDERAL GOVERNMENT EMPLOYEES.) THE INSTRUCTION PROVOKED A SHARP REACTION FROM THE VENEZUELAN TRADE UNION MOVEMENT. HUNDREDS OF THOUSANDS OF UNIONIZED WORKERS WHO HAVE REGULARLY ENGAGED IN COLLECTIVE BARGAINING ARE EMPLOYED IN STATE INDUSTRIES (PETROLEUM, STEEL, ETC.) AND THUS COULD BE TECHNICALLY CLASSIFIED AS PUBLIC EMPLOYEES. JOSE VARGAS, PRESIDENT OF THE CONFEDERATION OF VENEZUELAN WORKERS (CTV) TOLD REPORTERS NOVEMBER 5 THAT THE CTV COULD NOT ACCEPT

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APPLICATION OF THE NON-STRIKE DECREE TO EMPLOYEES OF STATE BUSINESSES

VARGAS MET WITH THE PRESIDENT ON NOVEMBER 6 AND REQUESTED THAT THE GOV CLARIFY THE DEFINITION OF A PUBLIC EMPLOYEE AND SPECIFY THE AREAS WHERE STATE EMPLOYEES DO HAVE THE RIGHT TO COLLECTIVE CONTRACTS. IN RESPONSE, THE PRESIDENT REFERRED THE ISSUE TO A TRIPARTITE COMMISSION OF REPRESENTATIVE FROM THE MINISTRY OF LABOR, THE CTV AND THE SOLICITOR GENERAL FOR RESOLUTION. COMMENT: THE INSTRUCTION DOES CLOSE ONE IMPORTANT LOOPHOLE IN GOVERNMENTAL PERSONNEL PRACTICE BY PROVIDING FOR THE FIRST TIME, THE SANCTION OF LOSS OF PAY FOR A SUSPENDED EMPLOYEE. PREVIOUSLY THE MOST GRIEVOUS BREACH OF DISCIPLINE COULD BE PUNISHED ONLY BY SUSPENSION WITH PAY OR THE MOST DIFFICULT ALTERNATIVE OF FIRING THE EMPLOYEE. HOWEVER, THE GOVERNMENT CLEARLY WALKED INTO A BUZZ-SAW BY FAILING TO DEFINE CLEARLY WHICH CATEGORIES OF WORKERS ARE SUBJECT TO THE NO-STRIKE PROVISION OF THE INSTRUCTION. LABOR IS SENSITIVE BECAUSE THE GOVERNMENT PREVIOUSLY HAS HINTED THAT STATE CORPORATION EMPLOYEES MAY BE RESTRICTED IN THEIR TRADE UNION RIGHTS. THE PRESIDENT'S QUICK REFERRAL OF THE ISSUE TO A TRIPARTITE COMMISSION INCLUDING THE CTV SUGGESTS, HOWEVER, THAT THE GOVERNMENT WANTS NO CONFRONTATION WITH LABOR ON A FUNDAMENTAL ISSUE IN THIS ELECTION YEAR. IT IS LIKELY THAT THE INSTRUCTION WILL BE MODIFIED BY A NARROW DEFINITION OF "PUBLIC EMPLOYEE" OR QUIETLY ALLOWED TO DIE.

5. CARACAS AND NASHVILLE EXCHANGE "FRIENDSHIP FORCE AMBASSADORS." THE FIRST EXCHANGE OF THE "FRIENDSHIP FORCE AMBASSADORS" TOOK PLACE NOVEMBER 9 WHEN 300 VENEZUELAN TRAVELED TO NASHVILLE, TENN. AND THE SAME OF NASHVILLE "AMBASSADORS" CAME TO CARACAS FOR AN EIGHT-DAY STAY. THE AMERICAN "AMBASSADORS" WILL STAY IN PRIVATE VENEZUELAN HOMES AND WILL BE OCCUPIED WITH A FULL SCHEDULE OF SIGHTSEEING AND ENTERTAINMENT. PRESIDENT PEREZ RECEIVED THE VISITORS NOVEMBER 11 AND THEY ARE ALSO EXPECTED TO CALL ON EX-PRESIDENTS

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BETANCOURT AND CALDERA.

6 OTHER REPORTING THIS WEEK INCLUDED 32ND GA; FOURTH COMMITTEE: GUAM (CARACAS 10961), PROPOSED RECIPROCAL TAX EXEMPTION (CARACAS 10804), NON-TARIFF BARRIERS ON FISHERY IMPORTS (CARACAS A-159), KAISER ENGINEERS EXIT CVG (CARACAS 10762), IOWA STATE IOGA TRADE MISSION (CARACAS 10763), VENEZUELA PRESENT AND PROJECTED EXTERNAL DEBT BURDEN (CARACAS A-153), FERTILIZER PURCHASE (CARACAS 10876), OIL PRICES AND PRODUCTION LEVELS (CARAAS 10895), CARIBBEAN CONSULTATIVE

GROUP (CARACAS 10856), AND VENEZUELA OFFERS REBATES ON FUEL
OIL SALES (CARACAS 10709).
VAKY

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Message Attributes

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Disposition Date: 22 May 2009
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TAGS: PDIP, ECON, SCUL, ELAB, SOCI, VE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0c550c1d-c288-dd11-92da-001cc4696bcc
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